

FISCAL NOTE

Bill #: HB0311

Title: Require fee for all classes of milk sold by licensed person

Primary Sponsor: Stoker, R

Status: As Introduced , Revised

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
Personal Services	\$205,337	\$205,744
Operating	\$108,826	\$109,196
Equipment	\$44,000	\$26,000
Revenue:		
State Special Revenue	\$358,163	\$340,940
Net Impact on General Fund Balance:	\$0	\$0

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|--|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. HB 311 repeals the assessment of \$.1497 cwt on class 1 milk. HB 311 authorizes the Board of Livestock to annually set the fee on all classes of milk produced in Montana commensurate with the cost of milk inspections conducted by the Milk and Egg Bureau and milk testing functions performed at the Montana Department of Livestock Diagnostic Laboratory in Bozeman. In the past, the \$.1497 cwt on class 1 milk generated approximately \$300,000 in state special revenue.
2. The Department of Livestock will only establish a fee necessary to generate state special revenue to cover the cost of milk inspection and milk diagnostic laboratory functions provided by the department.
3. The milk inspection function requires \$210,163 in FY 2004 and \$236,940 in FY 2005 of these state special revenues to ensure that milk and dairy products are inspected and are fit for human consumption. These revenues fund 4.00 FTE sanitarians and the necessary operational and equipment for this program.
4. The Diagnostic Laboratory in Bozeman requires \$148,000 in FY 2004 and \$104,000 in FY 2005 for diagnostic testing of milk products for human consumption. These revenues fund 1.50 FTE veterinary lab specialists and the necessary operational costs and equipment to test milk and dairy products produced in Montana.

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(continued)

5. Based upon an estimated production of 298,475,000 pounds of milk, it is projected that \$.12 cwt in FY 2004 and \$.114227 cwt in FY 2005 will generate the necessary revenue. The Board of Livestock will adjust the rate of assessment in accordance with milk production, revenue need and dairy industry input.
6. The above costs identified are currently included in the Executive Budget as present law base. The proposed additional revenues will continue to provide the services as stated in items 3 and 4 above but there is no fund switch in the Executive Budget.

FISCAL IMPACT:

	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
FTE	4.00	4.00
<u>Expenditures:</u>		
Personal Services	205,337	205,744
Operating:	108,826	109,196
Equipment:	<u>44,000</u>	<u>26,000</u>
Total	\$358,163	\$340,940
<u>Revenues:</u>		
State Special Revenue (02)	\$358,163	\$340,940
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$358,163	\$340,940